



City Council Work Session

4th Quarter FY 10-11 Budget Update
(July 1 through June 30 *unaudited*)
October 25, 2011



Summary

- In FY 10-11, there was modest improvement in total revenue collections compared to the prior year
- Sales Tax & Hotel/Motel Tax Collections increased following two consecutive years of decline
- Department spending slowed in the 2nd half of the fiscal year vs. the first six months

General Fund

Financial Performance

For the Fiscal Year Ended June 30 (unaudited)

	<i>2010 YTD</i>	<i>2011 YTD</i>		<i>Amended</i>		
	<i>(6/30/10)</i>	<i>(6/30/11)</i>	<i>'10-'11%</i>	<i>FY 2010-11</i>	<i>FY 2010-11</i>	<i>%</i>
<i>Revenues</i>	<i>Actual</i>	<i>Actual</i>	<i>Change</i>	<i>Budget</i>	<i>Actual</i>	<i>Collected</i>
Property Tax	145,081,702	142,098,368	-2.1%	144,551,956	142,098,368	98.3%
Sales Tax/Hold Harmless Payments	36,734,795	37,964,199	3.3%	38,363,885	37,964,199	99.0%
Utility Taxes	18,555,170	18,583,390	0.2%	18,294,345	18,583,390	101.6%
Beer & Wine/ABC System Profit Distrib..	2,918,026	3,625,425	24.2%	3,861,500	3,625,425	93.9%
Privilege Licenses	3,116,230	2,985,696	-4.2%	3,184,000	2,985,696	93.8%
Building Permit Fees	1,787,478	2,012,013	12.6%	1,832,268	2,012,013	109.8%
Waste/Trash Collection	6,055,680	6,149,344	1.5%	6,488,000	6,149,344	94.8%
Other Revenue	22,927,975	24,059,727	4.9%	24,230,304	24,059,727	99.3%
Total Revenues	237,177,056	237,478,162	0.1%	240,806,258	237,478,162	98.6%
Transfers In from Other Funds	8,230,310	9,370,639	13.9%	9,370,639	9,370,639	100.0%
Appropriated Fund Balance	0	0	0.0%	7,571,109	0	0.0%
Total Revenue, Transfers and Appropriated Fund Balance	245,407,366	246,848,801	0.6%	257,748,006	246,848,801	95.8%
<i>Expenditures</i>						<i>% Spent</i>
Personnel (Salaries & Benefits)	146,878,094	148,727,257	1.3%	148,557,912	148,727,257	100.1%
Maint. & Operations	70,246,897	71,985,877	2.5%	81,774,001	71,985,877	88.0%
Capital Outlay	241,951	328,688	35.8%	338,556	328,688	97.1%
Total Expenditures	217,366,942	221,041,822	1.7%	230,670,469	221,041,822	95.8%
Transfers Out to Other Funds	29,591,172	27,032,903	-8.6%	27,077,537	27,032,903	99.8%
Total Expenditures and Transfers	246,958,114	248,074,725	0.5%	257,748,006	248,074,725	96.2%
Revenues Over Expenditures & Net Transfers	(1,550,748)	(1,225,923)	-20.9%		(1,225,923)	Use of Fund Balance

Notes:

Property tax revenue in FY 10-11 is lower than FY 09-10 due to accounting change moving 0.7 cents on tax rate to Housing Partnership Fund, one fourth cent decrease in tax rate and slight decrease in tax base.

Financial statement is unaudited and subject to adjustment.



<u>TOTAL OTHER REVENUE</u>			
<u>Description</u>	<u>YTD Actual Revenue</u>	<u>Amended Budget</u>	<u>Balance</u>
Gross Receipts Tax	213,067	241,900	28,833
State Grants	319,340	306,713	12,627-
State Court Fees	126,648	115,000	11,648-
State Pymts In Lieu Of Taxes	308,584	308,575	9-
Local Government Grants (Includes County Library contribution)	2,692,074	2,570,867	121,207-
Motor Vehicle Licenses	627,624	715,000	87,376
Cable & Phone Franchise Fees - Long Distance Licensing	730,832	609,742	121,090-
Fines And Forfeitures	1,553,734	1,585,655	31,921
Planning & Community Development	455,029	377,146	77,883-
Law Enforcement - Contracted Services	3,149,558	2,585,048	564,510-
Fire Protection	199,838	216,835	16,997
P&R Concessions & Admission Fees	2,193,359	2,393,085	199,726
Library Fees	20,786	16,580	4,206-
Rents - P&R, Engineering, etc.	1,302,490	1,200,710	101,780-
Transportation Reimbursements from State	1,105,933	792,205	313,728-
Internal Service Charges - W&S and other funds	1,506,678	1,498,500	8,178-
Donations And Private Contributions / Fire & Public Safety	71,649	105,000	33,351
Indirect Cost Revenues - W&S and other funds	3,667,323	3,763,165	95,842
Cost Sharing Reimbursements / Internal Charges	787,467	750,224	37,243-
Other Revenue / Miscellaneous Revenue All Depts.	<u>3,027,715</u>	<u>4,078,354</u>	<u>1,050,639</u>
Total Other Revenue	24,059,727	24,230,304	170,577

TRANSFERS IN FROM OTHER FUNDS

<u>Description</u>	<u>YTD Actual Revenue</u>	<u>Amended Budget</u>	<u>Balance</u>
Transfer From Parking Facility Operating Fund	955,000	955,000	0
Transfer From State Highway Allocation Fund	5,746,000	5,746,000	0
Transfer From Street Improvements Bond Fund	370,000	370,000	0
Transfers From Equipment Services Fund	554,639	554,639	0
Transfer From Network Services Fund	<u>1,745,000</u>	<u>1,745,000</u>	<u>0</u>
Total Transfers In	9,370,639	9,370,639	0

TRANSFERS OUT TO OTHER FUNDS

<u>Description</u>	<u>YTD Actual Expense</u>	<u>Appropriation</u>	<u>Balance</u>
Transfer to Cemetery Fund	299,224	299,224	0
Transfer to Housing Partnership	122,142	122,142	0
Transfer to State and Federal Grant	32,220	76,854	44,634
Transfer to Debt Service Fund	16,691,700	16,691,700	0
Transfer to General Capital Improvement	125,000	125,000	0
Transfer to Coliseum Fund	1,587,542	1,587,542	0
Transfer to Guilford Metro Communications	4,251,560	4,251,560	0
Transfer to Solid Waste Management	3,769,515	3,769,515	0
Transfer to Equipment Services	<u>154,000</u>	<u>154,000</u>	<u>0</u>
Total Transfers Out	27,032,903	27,077,537	44,634



FY 10-11 General Fund Overview

Unaudited Figures as of June 30, 2011

- Total revenue collected:
 - \$246.8 million representing 95.8% of the amended General Fund budget of \$257.7 million
- Total expenditures:
 - \$248.1 million representing 96.2% of budget
- Expenditures exceeded Revenues by \$1.23 million
 - Final deficit was \$110,000 less than projected deficit of \$1.34 million at the 3rd quarter update

FY 10-11 General Fund Revenue Overview

Unaudited Figures as of June 30, 2011

- FY 10-11 Estimated Assessed Valuation of \$24.64 billion
 - Tax base decreased by 0.5% or \$128 million in FY 10-11, from \$24.35 billion to \$24.22 billion, net of new construction, business personal property and vehicle depreciation, and Millstream area de-annexation of \$55 million (resulting in \$335,000 in tax refunds)
 - No tax base growth budgeted in FY 11-12
 - AV growth averaged 2.8% over past five years, including 2008 annexation, or 2.0% net of 2008 annexation
- Property tax revenue equaled \$142.1 million or 98.3% of the \$144.6 million budget
 - 98.0% collection rate for taxes levied in FY 10-11; comparable to past two fiscal years
 - Approximately 99.4% of Property Tax is collected within 2 years of levy

FY 10-11 General Fund Revenue Overview

Unaudited Figures as of June 30, 2011

- Sales tax revenue equaled \$38.0 million or 99.0% of the \$38.4 million budget
 - Sales tax collections began to improve in the third quarter following two years of decline due to the recession; revenues were \$1.4 million or 3.9% more than the previous year; yet, below 2008 peak revenue of \$41.4 million
- Utility tax revenue equaled \$18.6 million or 101.6% of the \$18.3 million budget
 - Electric franchise tax revenue increased by 4.1% from the previous fiscal year
 - Natural Gas excise taxes declined by 4.5% from the previous fiscal year
 - Sales taxes on Telecommunications declined by 5.2% from the previous fiscal year

FY 10-11 General Fund Revenue Overview

Unaudited Figures as of June 30, 2011

- Beer & Wine tax revenue
 - The FY 10-11 State budget restored the 2/3 reduction in the FY 09-10 Beer & Wine tax distribution of \$764,243
 - Projected revenue was increased from \$400,000 to \$1.18 million; actual tax collected equaled \$1.18 million and was received May 2011
- ABC Board Profit Distribution equaled \$2.44 million or 91% of the \$2.7 million budget
 - ABC revenue fell 9% short of budget projections with a 4% decline in revenue from sales in the prior year
 - The ABC Board Profit Distribution has included a \$100,000 per quarter deduction since FY 07-08 to increase working capital and provide for future expansion & capital improvements; the deduction will be reduced to \$50,000 per quarter in FY 11-12

FY 10-11 General Fund Revenue Overview

Unaudited Figures as of June 30, 2011

- Other Revenue Collections
 - Privilege Licenses – business activity has slowed with FY 10-11 revenue of \$2.99 million or 93.8% of the \$3.18 million budget
 - Building Permit Fees – revenue of \$2.01 million was 9.8% above the \$1.8 million budget with building activity improving from FY 09-10
 - Waste/Trash Collection Fees – commercial activity increased from the previous year but revenue of \$6.1 million was 5.2% below the \$6.5 million budget
 - Other Revenue – all other revenue of \$24.0 million was slightly under the \$24.2 million budget

FY 10-11 General Fund Expenditure Overview

Unaudited Figures as of June 30, 2011

- Salary costs were approximately \$107.87 million, or 100.03% of the total \$107.84 million budget
 - Salary costs for FY 09-10 equaled \$108.2 million
- Benefits costs equaled \$40.85 million, or 100.34% of the \$40.72 million budget
 - Benefit costs were 5.6% greater than in FY 09-10
 - Retirement contributions for FY 10-11 were 14.4% or \$1.6 million greater than FY 09-10 due to the mandated contribution increase to the state retirement system
- Maintenance and Operating (M&O) costs equaled \$71.99 million, or 88.03% of the \$81.77 million budget
 - M&O costs in FY 09-10 were \$70.3 million or 89.0% of the budget
 - M&O costs were 2.5% more in FY 10-11 than in FY 09-10

FY 10-11 General Fund Expenditure Overview

Unaudited Figures as of June 30, 2011

- M&O costs (cont'd)
 - Overall fuel costs for both gas and diesel were 26.3% and 23.3% higher, respectively, as compared to FY 09-10
 - The City was paying about 30% more for fuel in June 2011 as compared to June 2010
 - At the 3rd quarter update year end projections for fuel were \$3.9 million as compared to FY 10-11 year end actuals of \$4.0 million
 - Energy (heat and electricity) costs were \$134,200 less, or 4.6%, than last year
 - Overall energy consumption was 2.6% less in FY 10-11 as compared to FY 09-10
 - Electrical consumption fell by 1.4% (kWh) despite adding the new McGirt Horton Library branch, a 1% impact
 - Natural gas consumption reduced by 4.9%



FY 10-11 Other Fund Activity

Unaudited Figures as of June 30, 2011

- Major Enterprise Funds
 - Water Resources –revenues exceeded expenses by \$1.1 million, primarily due to higher revenues & lower expenses than projected.
 - Solid Waste Management –expenses exceeded revenues by \$192,000, reducing the available fund balance by that amount.
 - Coliseum Fund –revenues exceeded expenses by \$430,000, increasing the available fund balance to approx. \$437,000.
- Special Revenue Fund
 - Hotel/Motel tax collections increased by 6.7% over the prior year, from \$2.66 million to \$2.84 million; yet, below 2008 peak revenue of \$3.05 million.